96-45

DOCKET FILE COPY ORIGINAL

r_dwells@juno.com wrote on 11/2/2005 11:10:21 AM :

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APR - 3 2006

Federal Communications Commission
Office of the Secretary

Senator Barbara Boxer
U.S. Senate
112 Hart Senate Office Building
Washington, DC 20510-0001

Dear Senator Boxer,

I have serious concerns regarding the Federal Communications Commissions' (FCC) position to change the Universal Service Fund (USF) collection method to a monthly flat fee. Many of your constituents, including me, my friends, family and neighbors, will be negatively impacted by the unfair change proposed by the FCC.

As you know, USF is currently collected on a revenue basis. People who use more pay more into the system. If the FCC changes that system to a flat fee, that means that someone who uses one thousand minutes a month of long distance, pays the same amount into the fund as someone who uses zero minutes of long distance a month. Constituents who use their limited resources wisely should not be penalized for doing so.

A flat fee tax could cause many low-volume long distance users, like students, prepaid wireless users, senior citizens and low-income residential and rural consumers, to give up their phones due to unaffordable monthly increases on their bills. Shifting the funding burden of the USF from high volume to low-volume users is radical and unnecessary. In addition, it would have a highly detrimental effect on small businesses all across America.
The Keep USF Fair Coalition, of which I am a member, keeps me informed about the USF issue with monthly newsletters and up to date information on their website, including links to FCC information. While I am aware that federal law does not require companies to recover, or "pass along" these fees to their customers, the reality is that they do. As a consumer I would like ensure I am charged fairly. If the FCC goes to a numbers taxed, my service will cost more. And according to the Coalition's recent meetings with top FCC officials, the FCC has plans to change to a flat fee system soon and without legislation.

I will continue to monitor developments on the issue and continue to spread the word to my community. I request you pass along my concerns to the FCC on my behalf, letting them know how a flat fee tax could disproportionately affect those in your constituency.

Thank you for your continued work and I look forward to hearing about your position on this matter.

Sincerely,
cc: FCC Chair Kevin Martin, Congress

Sincerely,

Raymond Wells
354 Dan St.
Manteca, California 95336-3706
cc:
FCC Gener

Angela Boston

DOCKET # 96-45

From:	John Marsh [oremac216@aol.com]
Sent:	Monday, March 27, 2006 10:19 PM
To:	KJMWEB
Subject:	Comments to the Chairman

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

John Marsh (oremac216@aol.com) writes:

As someone who is concerned about increased taxes and telephone fees, I oppose Federal Communications Commission (FCC) Chairman Kevin J. Martin's plans to change the way monies are collected for the Universal Service Fund.

Chairman Martin is proposing a change in the Universal Service Fund (USF) collection methodology from a "pay-for-what-you-use" system to a "monthly flat-fee." The flat-fee system would result in forced phone bill hikes for me -- and for millions of low-volume, long-distance users in the U.S. Shifting the funding burden of the USF away from high volume users -- like big businesses -- and placing the weight on low-volume users -- students, prepaid wireless users, senior citizens and low-income residential and rural consumers-- is unfair. I urge Chairman Martin to rethink his flat-fee plan. It is a de-facto tax increase of as much as $707 million for 43 million of low-volume, long-distance users in the U.S.

Please pass along my concerns to the FCC on my behalf, letting them know that your constituents have contacted you to oppose a USF numbers or flat-fee plan. Thank you for your continued work. I look forward to hearing about your position on this matter.

Server protocol: HTTP/1.1
Remote host: 205.188.116.12
Remote IP address: 205.188.116.12

DOCKET #96-45

Angela Boston

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

From: Debra M Kriete [dmkriete@comcast.net]
Sent: Wednesday, March 22, 2006 5:38 PM
To: Scott Bergmann; Jonathan Adelstein
Cc: Gary.Rawson@its.state.ms.us
Subject: Notice of Ex Parte Meeting re E-rate Universal Service Reform, WC Docket No. 05-195, CC Docket No. 02-6 and 96-45

Dear Commissioner Adelstein and Mr. Bergmann,

Thank you very much for your willingness to meet with members of the State E-rate Coordinators Alliance to discuss reform of the E-rate program, in connection with the Commission's NPRM in WC Docket No. 05-195 and CC Docket Nos. 95-45 and 02-6. We very much appreciate how generous you were with your time, and your suggestions and ideas concerning the positive impact of E-rate on education across the country.

Attached is the notice of our ex parte meeting that we filed today in the above-listed three proceedings. In addition, we filed an electronic copy of the presentation that we provided to you.

We very much appreciate the opportunity to meet with you and discuss our perspective with you, and we hope that you will not hesitate to contact us if you have any questions or if we can be of assistance. We greatly appreciate your support of E-rate!

Debra M. Kriete
South Dakota E-rate
888 232 0241 voice
717 232 3705 fax

SECA

STATE E-RATE COORDINATORS ALLIANCE

March 22, 2006

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

In the Matter of Comprehensive Review of Universal Service Fund, Management, Administration and Oversight, Notice of Ex Parte, WC Docket No. 05-195, CC Docket No. 02-6, CC Docket No. 96-45

Dear Secretary Dortch:

On March 21, 2006, members of the State E-rate Coordinators Alliance (SECA) met with Commissioner Adelstein and Scott Bergmann to discuss the SECA recommendations set forth in our Initial Comments and Replies to Comments for reform of the E-rate program. The attached summary was provided and discussed during to our meeting. SECA members who attended the meeting are: Gary Rawson, Russ Selken, Julia Benincosa, Becky Rains, Pam Pfizenmaier and Debra Kriete.

Sincerely,

/s/ Gary Rawson
Gary Rawson
Chair
State E-rate Coordinators' Alliance

cc: Honorable Jonathan Adelstein
Scott Bergmann

Angela Boston DOCKET #96-45

From: Charles Spencer [cspencer84@comcast.net]
Sent: Monday, March 20, 2006 9:47 AM
To: Jonathan Adelstein

RECEIVED
APR - 3 2006
Federal Communications Commission
Office of the Secretary

Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45
Dear [decision maker name automatically inserted here],
As someone who is concerned about increased taxes and telephone fees, I oppose Federal Communications Commission (FCC) Chairman Kevin J. Martin's plans to change the way monies are collected for the Universal Service Fund.

Chairman Martin is proposing a change in the Universal Service Fund (USF) collection methodology from a "pay-for-what-you-use" system to a "monthly flat-fee." The flat-fee system would result in forced phone bill hikes for me -- and for millions of low-volume, long-distance users in the U.S. Shifting the funding burden of the USF away from high volume users -- like big businesses -- and placing the weight on low-volume users -- students, prepaid wireless users, senior citizens and low-income residential and rural consumers-- is unfair. I urge Chairman Martin to rethink his flat-fee plan. It is a de-facto tax increase of as much as $707 million for 43 million of low-volume, long-distance users in the U.S.

Please pass along my conce! rns to the FCC on my behalf, letting them know that your constituents have contacted you to oppose a USF numbers or flat-fee plan. Thank you for your continued work. I look forward to hearing about your position on this matter.
Sincerely,

charles spencer

cc:
FCC General Email Box

Angela Boston

DOCKET 01 # 96-45

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

From: Charles Spencer [cspencer84@comcast.net]

Sent: Monday, March 20, 2006 9:48 AM

To: dtaylortateweb

Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45
Dear [decision maker name automatically inserted here],
As someone who is concerned about increased taxes and telephone fees, I oppose Federal Communications Commission (FCC) Chairman Kevin J. Martin's plans to change the way monies are collected for the Universal Service Fund.

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Sincerely,

charles spencer

cc:
FCC General Email Box

Angela Boston

Docket # 96-45

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Sent: Monday, March 20, 2006 9:47 AM

To: dtaylortateweb

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45
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Sincerely,

charles spencer

cc:
FCC General Email Box

Angela Boston

Docket # 96-45

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

From: Charles Spencer [cspencer84@comcast.net]
Sent: Monday, March 20, 2006 9:47 AM
To: KJMWEB

Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45
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Sincerely,

charles spencer

cc:
FCC General Email Box

Angela Boston

DOCKET # 96-45

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

From: Charles Spencer [cspencer84@comcast.net]

Sent: Monday, March 20, 2006 9:47 AM

To: KJMWEB

Subject: Re: Federal-State Joint Board on Universal Service CC Docket 96-45

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Sincerely,

charles spencer

cc:
FCC General Email Box

Angela Boston

DOCKET #96-45

From: Kim Padgett [kwpadgett@sbcglobal.net]
Sent: Friday, March 17, 2006 1:00 PM
To: KJMWEB
Subject: Comments to the Chairman

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

Kim Padgett (kwpadgett@sbcglobal.net) writes:

Lets not shift the USF tax onto residential and low quantity users. Believe me the corporations that pay it are already passing it on. I know its the Republican thing to do but don't do it.

Server protocol: HTTP/1.1
Remote host: 66.142.213.83
Remote IP address: 66.142.213.83

Docket #96-45

Angela Boston

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

From: David Cosson [dcosson@klctele.com]
Sent: Tuesday, March 14, 2006 6:47 PM
To: Jonathan Adelstein
Cc: Scott Bergmann
Subject: RICA Ex Parte Meeting

Mar1406JA.pdf
(105 KB)

Commissioner Adelstein

The attached was filed today with the Secretary in each of the referenced dockets.

Dave

David Cosson
Attorney At Law
2154 Wisconsin Ave., N.W.
Washington, D.C. 20007
202 333 5275

David Cosson
ATTORNEY AT LAW

2154 Wisconsin Ave, N.W.
Washington, D.C. 20007

Telephone (202) 333-5275
Telecopier (202) 333-5274

March 14, 2006

By Electronic Filing

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *Federal-State Joint Board on Universal Service*, CC Doc. No. 96-45; *Developing a Unified Intercarrier Compensation Regieme*, CC Doc. No. 01-92;*T-Mobile et al. Petition for Declaratory Ruling Regarding Incumbent LEC Wireless Termination Tarriffs*, CC Doc. No. 01-92; *Petition of Mid-Rivers Telephone Cooperative, Inc. for an Order Declaring It to be an Incumbent Local Exchange Carrier in Terry, Montana Pursuant to Section 251(h)(2)*, WC Doc. No. 02-78

Dear Ms: Dortch:

On March 14, 2006, Gerry Anderson, Paul Schuetzler and Rick Vergin, Directors of the Rural Independent Competitive Alliance ("RICA") and David Cosson, RICA General Counsel met with Commissioner Adelstein and Scott Bergmann to discuss the proceedings referenced above. The discussions followed the text of the attached paper and positions previously set forth in RICA's comments in these proceedings.

Please direct any questions regarding this matter to me. Please note the change in my address and telephone number.

Sincerely yours

David Cosson
General Counsel, Rural Independent Competitive Alliance

Attachment
Cc: Commissioner Adelstein, Scott Bergmann

Attachment

RURAL INDEPENDENT COMPETITIVE ALLIANCE
FCC VISITS
MARCH 13-14, 2006

1 RICA and Its Members

RICA is a national organization representing the interests of facilities based competitive local exchange carriers providing service in rural, high cost areas of the country long neglected by the large incumbent telephone companies. RICA members are all affiliated with rural telephone companies and pursue an "edge out" strategy to provide superior service and advanced telecommunications capabilities that the incumbents have failed to provide. Broadband and other advanced services are available to most RICA member subscribers.

2. Intercarrier Compensation

RICA members provide interstate switched access service at either the rate of the incumbent with which they compete, or at the NECA rate, pursuant to FCC Part 61 rules. Intrastate access is generally priced in the same manner. Subsequent to adoption of these tariffing rules, the FCC reduced the NECA rates in the MAG proceeding, and offset the reduction for NECA members with additional USF. Over RICA's objection, no such offset was provided for rural CLECs.

New proposals for revision to the Intercarrier Compensation rules are coming before the Commission as a result of the NARUC Task Force effort. RICA has actively participated in these meetings. It is expected that the proposals will call for reductions in inter- and intrastate access rates, perhaps to the level of reciprocal compensation rates. It is critically important to rural CLECs' ability to survive and grow that any mechanism to offset the revenue losses experienced as a result of a unified and uniform rate prescription fully incorporate rural CLECs. It is also important that any new interconnection rules adopted in this proceeding not impose costs on rural CLECs to transport calls beyond their own facilities.

3. Universal Service

RICA has long advocated elimination of the "portability" rules in favor of determining the amount of support for each CETC based on its own costs. The present system is irrational because there is no connection between the need for support and the amount provided. Thus some CETCs receive little or no support where they operate in a high cost area of a large carrier that is not, on average, high cost. On the other hand, other CETCs receive a windfall where their costs may be substantially less than the average of the ILEC.

RICA supports broadening the base of contributions to ensure the health of the USF.

RICA members will be directly and indirectly affected by the Commission's decision in the *Qwest II* Remand proceeding, particularly if the portability rules are not repealed. RICA will emphasize that adoption of new definitions of "sufficient" and "reasonably comparable" will affect all USF mechanisms.

4. Status of Rural CLECs

Rural CLECs, by definition, operate in a much different environment than urban CLECs. Typically, they achieve the very high penetration rates necessary to support overbuilding because the incumbent has failed to maintain and update its facilities, and does not provide any local contact points. In essence, the rural CLECs become the *de facto* incumbent.

Because the Commission's rules treat CLECs less favorably than ILECs in many respects, rural CLECs are at a competitive disadvantage, even though they have provided the precise consumer benefits envisioned by the 1996 Act. CLECs cannot set access rates at their own costs, cannot recover Universal Service Support based on their own costs, and have no rights to require CMRS carriers to negotiate interconnection agreements.

The Commission has failed to act in a timely manner to the concerns RICA members have raised regarding these issues. In February 2002, Mid-Rivers Telephone Cooperative filed a petition under Section 251(h)(2) of the Act to be declared the ILEC in Terry, Montana where it serves at least 95% of the subscribers. Over four years later, there is still no response to Mid-Rivers' petition. It has now been more than six months since the Commission granted a petition filed much later by Qwest for relief in Omaha where the CLEC had a much smaller market share.

Seeing the delay facing Mid-Rivers, several RICA members managed to negotiate contracts to buy out the ILEC where they had taken most of the subscribers. To date, there has been no decision on these petitions, although the first was filed in November 2003. RICA has been advised a decision should be released soon. In the more than two years wait for FCC approval, not only have subscribers been denied service improvements they would otherwise have received, but interest rates have been raised substantially which will add to the subscribers' financial burden.

Many RICA members' requests to CMRS carriers to establish interconnection agreements have been refused on the basis that the Commission's *T-Mobile* decision only requires them to negotiate with ILECs. The Commission should either explicitly extend the decision to CLECs, or permit them to file tariffs for traffic which they are terminating without compensation.

Angela Boston

Docket #96-45

From: Guynnm@gtlaw.com on behalf of BRECHERM@gtlaw.com

Sent: Monday, March 06, 2006 3:32 PM

To: Kevin Martin; Michael Copps; Jonathan Adelstein; Deborah Tate; Daniel Gonzalez; Ian Dillner; Jessica Rosenworcel; Scott Bergmann; Aaron Goldberger; Thomas Navin; Narda Jones; Carpino

Subject: TracFone Wireless, Inc. Notice of Ex Parte Presentation

RECEIVED
APR - 3 2006
Federal Communications Commission
Office of the Secretary

Today we electronically filed the attached ex parte presentation on behalf of our client, TracFone Wireless, Inc., in CC Docket No. 96-45. The attached copy is for your files.

Please do not hesitate to contact me should you have any questions or concerns.

<<TracExParte.pdf>>

Sincerely,

Mitchell F. "Rick" Brecher
Greenberg
Traurig
800 Connecticut Avenue, NW
Suite 500
Washington, D.C. 20006
(202) 331-3152 telephone
(202) 261-0152 facsimile
e-mail: BrecherM@gtlaw.com

Greenberg Traurig

Mitchell F. Brecher
(202) 331-3152
BrecherM@gtlaw.com

March 6, 2006

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: CC Docket No. 96-45 Federal-State Joint Board on Universal Service
EX PARTE PRESENTATION

Dear Ms. Dortch:

This letter is submitted on behalf of TracFone Wireless, Inc. (TracFone) in response to the ex parte letter submitted by the Ad Hoc Telecommunications Users Committee (AHTUC) dated March 1, 2006.

AHTUC -- a charter member of CoSUS (the Coalition for Sustainable Universal Service) -- has been a long-time proponent of replacing the current revenues-based universal service contribution methodology with some sort of a flat system -- either a methodology based on network connections (*e.g.*, the original, but long discredited CoSUS plan), or the more currently in vogue working telephone numbers-based plan. AHTUC is comprised of several of the nation's largest corporate users of telecommunications service and it represents the interests of corporate users -- not the interests of residential consumers in general, or low volume low income residential consumers in particular. For that reason alone, AHTUC's advice to the Commission on how best to protect the interests of low income subscribers is inherently suspect.

According to AHTUC, low income subscribers would fare better under a numbers-based assessment methodology than they do under the current revenues-based scheme.[1] Every advocacy group which has participated in this proceeding and which represents the interests of low income consumers has disagreed with that conclusion.[2] AHTUC seems to be asking the Commission to ignore the voices of the many thousands of consumers who would be harmed by a numbers-based proposal and instead, defer to AHTUC and its corporate members to enable the Commission to determine what is best for those consumers.

AHTUC supports its improbable supposition by noting that low income consumers who qualify for the Lifeline program would be exempt from USF payments under a numbers-based plan. AHTUC ignores several important facts. First, based upon Commission data, less than thirty-four percent of Lifeline-eligible low income subscribers actually participate in the Lifeline program.[3] The remaining sixty-six percent would not be exempted from a flat charge of $1.00 or more on each working telephone number, irrespective of whether they make few, if any, interstate calls. Second, AHTUC disregards the fact that many low income consumers, including Lifeline customers, find it necessary to obtain wireless service in addition to their wireline local exchange service. Since the Commission's Lifeline rules limit Lifeline-eligible customers to one subsidized line per household, any additional telephone numbers assigned to those customers (including wireless numbers) would be subject to per number USF fees, irrespective of whether those services associated with those numbers are used for any interstate calling.

Next, AHTUC predicts that Subscriber Line Charges are likely to increase and that the resulting reduction in long distance rates will further erode interstate toll revenues. Whether, and to what extent, Subscriber Line Charges will increase is entirely speculative. If, as AHTUC suggests, long distance rates will decrease, such reductions would be expected to stimulate demand. That is

[1] Letter from James S. Blaszak, counsel for AHTUC, to Marlene H. Dortch dated March 1, 2006, at 1-2 (AHTUC Letter).

[2] See, *e.g.*, letter from David Certner, Director, Federal Affairs American Association of Retired Persons (AARP), filed April 28, 2003 ("Under the proposed funding mechanism, these low volume long distance callers would be required to pay the bulk of the funding for Universal Service. Based on comments filed with the Commission during its review of low-volume long-distance users in 1999, some 44% of consumers fall into this category."); letter from James A. Bachtell on behalf of Consumers Union, Texas Office of Public Utility Counsel, Consumer Federation of America, Appalachian People's Action Coalition, Center for Digital Democracy, Edgemont Neighborhood Coalition and Migrant Legal Action Program, filed October 31, 2002 ("Even a $1 connection charge, which CoSUS acknowledges will increase, is substantially more than what most low-income customers currently pay."). In addition, more than 500,000 consumers, many of whom are low income, have sent letters to the Commission opposing proposals to impose a numbers-based USF contribution methodology because it would significantly increase the USF funding burden on those consumers.

[3] Lifeline and Link-Up (*Report and Order and Further Notice of Proposed Rulemaking),* 19 FCC Rcd 8302 (2004), at Appendix K - Section 1: Baseline Information Table 1.A. Baseline Lifeline Subscription Information (Year 2002).

elementary economics. In competitive markets, vendors do not reduce their prices unless they expect to increase demand for their products or services. Since 2002, AHTUC and its CoSUS brethren have continued to assert that interstate long distance is declining and that it is in a "death spiral." If there is such a pronounced decline in demand for that service, it seems highly improbable that carriers will drop their prices in response to access charge reductions unless they expect to stimulate demand for the service.

AHTUC chastises the Keep USF Fair Coalition's February 27, 2006 report which states that consumers' payments to the USF are lower today than they were in 2002. Notwithstanding AHTUC's protestations to the contrary, that statement is irrefutably correct. Prior to the Commission's 2002 order prohibiting carrier mark-ups of USF contribution pass-through charges,[4] carriers routinely imposed USF pass-through charges of 11, 12, 13 percent or greater, notwithstanding the fact that the contribution factor never exceeded 7.28 percent during 2002.[5] As a result of the Commission's prudent and responsible decision to prohibit mark-ups of USF pass-through charges, no consumer today is being charged more than 10.2 percent of its interstate usage amounts -- well below what consumers were being charged more than three years ago.

AHTUC dismisses these facts by claiming that the long distance mark-ups were "absolutely unrelated to the USF mechanism whatsoever . . . ."[6] AHTUC is wrong! The Commission's prohibition of USF mark-ups is directly related to the USF mechanism. Consumers do not care about USF contribution factors; consumers care about what they are required to pay to support the USF. When the Commission terminated the practice of certain carriers using the USF as a profit center it immediately reduced the monthly USF funding burden on the consuming public -- or at least that portion of the consuming public which utilized interstate calling services each month. By prohibiting mark-ups, the Commission kept the funding levels constant but immediately reduced the burden which USF funding placed on consumers. This was clearly the Commission's intent and the action was taken as part of the Commission's oversight of the USF contribution process. Indeed, in prohibiting mark-ups on USF pass-through charges, the Commission explained its purpose as follows:

> The elimination of mark-ups in carrier universal service line items will also alleviate end-user confusion regarding the universal service line item. Specifically, the amount of a carrier's federal universal service line item will exceed the relevant interstate telecommunications portion of the bill times the relevant contribution factor. This result should eliminate a significant portion of the

[4] Federal-State Joint Board, *et al* (*Report and Order and Second Further Notice of Proposed Rulemaking*), 17 FCC Rcd 24952 (2002) ("USF Contribution Order").
[5] According to data compiled by TNS Telecoms for TracFone, one major carrier -- AT&T -- USF pass through charges averaged between 11.2% and 11.7% during 2002 despite the fact that the contribution factor ranged between 6.81% and 7.28% during that period. A table showing TNS Telecom's calculations is attached to this letter.
[6] AHTUC Letter at 3.

> consumer frustration and confusion pertaining to universal service line items.[7]

The Commission's well-considered decision to prohibit mark-ups of USF pass-through charges has had the desired effect since long distance consumers today are paying less in USF charges than they were in 2002. Contrary to AHTUC's unsupported and unsupportable proposition, the Commission's elimination of mark-ups is inextricably related to the USF funding mechanism itself.

AHTUC speaks for the interests of its members, not for American consumers. Those who do speak on behalf of the consuming public have been overwhelming in the opposition to a numbers-based USF contribution methodology since it would shift much of the USF funding burden from major carriers and from AHTUC members onto the shoulders of residential consumers, including low income consumers, who make few, if any, interstate calls. If the Commission elects to implement a numbers-based contribution methodology notwithstanding those concerns, then it should take all steps necessary to ensure that low volume, low income consumers, and those that serve low volume, low income consumers, are not forced to bear a disproportionate share of the USF funding burden.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically in the above-captioned docket. If there are questions regarding this letter, please communicate directly with undersigned counsel for TracFone.

Respectfully submitted,

Mitchell F. Brecher
Counsel for TracFone Wireless, Inc.

Attachment

cc: Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Mr. Daniel Gonzalez
Mr. Ian Dillner
Ms. Jessica Rosenworcel
Mr. Scott Bergmann
Mr. Aaron Goldberger
Mr. Thomas Navin

---

[7] USF Contribution Order, at ¶ 50.

Ms. Narda Jones
Ms. Cathy Carpino

AT&T Universal Service Fund Rate, 1Q2002 to 4Q2005, Nation

Quarter	Bill Count	Total USF Charges	Total LD Charges	Average LD Bill	Average USF Charge	Calculated USF Rate	FCC USF Rate
1Q2002	1354	$ 2,452.76	$ 21,470.26	$ 15.86	$ 1.81	11.4%	6.81%
2Q2002	1219	$ 2,086.93	$ 17,840.97	$ 14.64	$ 1.71	11.7%	7.28%
3Q2002	1064	$ 1,853.14	$ 16,605.45	$ 15.61	$ 1.74	11.2%	7.28%
4Q2002	963	$ 1,566.20	$ 13,659.68	$ 14.18	$ 1.63	11.5%	7.28%
1Q2003	1061	$ 1,779.81	$ 15,637.09	$ 14.74	$ 1.68	11.4%	7.28%
2Q2003	829	$ 1,027.22	$ 10,900.98	$ 13.15	$ 1.24	9.4%	9.00%
3Q2003	694	$ 931.98	$ 9,703.79	$ 13.98	$ 1.34	9.6%	9.50%
4Q2003	594	$ 743.49	$ 8,067.64	$ 13.58	$ 1.25	9.2%	9.50%
1Q2004	665	$ 923.39	$ 10,677.05	$ 16.06	$ 1.39	8.6%	8.70%
2Q2004	527	$ 664.46	$ 7,346.72	$ 13.94	$ 1.26	9.0%	8.70%
3Q2004	468	$ 629.72	$ 7,190.17	$ 15.36	$ 1.35	8.8%	8.90%
4Q2004	342	$ 439.64	$ 4,908.72	$ 14.35	$ 1.29	9.0%	8.90%
1Q2005	258	$ 424.71	$ 4,073.51	$ 15.79	$ 1.65	10.4%	10.70%
2Q2005	321	$ 610.55	$ 5,624.04	$ 17.52	$ 1.90	10.9%	11.10%
3Q2005	296	$ 490.09	$ 4,869.16	$ 16.45	$ 1.66	10.1%	10.20%
4Q2005	211	$ 319.68	$ 3,198.14	$ 15.16	$ 1.52	10.0%	10.20%

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Federal Communications Commission

The FCC Acknowledges Receipt of Comments From ...

TracFone Wireless, Inc.

...and Thank You for Your Comments

Your Confirmation Number is: '200636501402 '

Date Received:	**Mar 6 2006**
Docket:	**96-45**
Number of Files Transmitted: 1	

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updated 12/11/03

Docket # 96-45

Angela Boston

From: Terrana, Michaeleen [mterrana@lb3law.com]

Sent: Wednesday, March 01, 2006 3:01 PM

To: Kevin Martin; Michael Copps; Jonathan Adelstein; Deborah Tate; Thomas Navin; Daniel Gonzalez; Narda Jones; Ian Dillner; Jessica Rosenworcel; Scott Bergmann; Aaron Goldberger; Cathy Carpino; James Eisner; Greg Guice; Jim Lande; Richard Lerner; Carol Pomponio

Cc: Blaszak, Jim

Subject: Notice of Ex Parte filing - Ad Hoc Telecommunications Users Committee (3-1-06)

RECEIVED

APR - 3 2006

Federal Communications Commission
Office of the Secretary

Please see the attached Ex Parte filing made by the Ad Hoc Telecommunications Users Committee on March 1, 2006 in CC Dockets # 96-45 and 01-92 (*Federal-State Joint Board on Universal Service* and *Developing a Unified Intercarrier Compensation Regime*). Please do not hesitate to contact us should you have any questions.

<<Mar 1 Ex Parte Re Impact of Numbers (Final).pdf>>

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March 1, 2006

EX PARTE SUBMISSION

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Ex Parte Contact in Federal-State Joint Board on Universal Service, CC Docket No. 96-45 and Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92.

Dear Ms. Dortch:

Statements have been made recently to the Commission and elsewhere that mis-portray the impact on residential subscribers of a telephone numbers-based Universal Service Fund (USF) contribution methodology. These statements are at least short-sighted, and also do not accurately assess the vulnerability of the USF with continued funding through revenue-based assessments. The Ad Hoc Telecommunications Users Committee submits this ex parte to set the record straight.

On November 22, 2005, the Intercarrier Compensation Forum (ICF), a group that includes at&t, made an ex parte filing that explains ICF's support for replacing today's revenue-based USF assessment methodology with a system that instead would assess unique working telephone numbers and non-switched, high speed dedicated network connections. ICF's ex parte shows that whether the per number assessment is \$0.93 or \$0.98 the total monthly bill is lower for virtually all residential subscribers of all types of telecommunications service, except for cable modem service with VoIP, than under the current revenue-based funding model. That is true for rural and urban subscribers, and low volume as well as high volume subscribers. Derivation of the \$0.93 and \$0.98 assessments is shown in an ICF ex parte made on July 29, 2005 in CC Docket No. 96-45.

It is noteworthy that low income subscribers also would fare better under the proposed telephone numbers-based assessment methodologies than under

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the current revenue-based assessment scheme. Low income subscribers who qualify for the Lifeline program would be exempt from USF payments under the telephone numbers-based methodologies presented to the FCC. Whether they make long distance calls or not, they would be exempt from paying interstate USF charges. On the other hand, these subscribers would continue to be assessed interstate USF charges for long distance calls under the current revenue-based assessment methodology. Thus, the USF burden of low income subscribers under the current revenue-based USF assessment scheme would be higher than it would be under a telephone numbers-based USF assessment scheme. When this fact is combined with the ICF data referenced above, it is very difficult to understand why consumer advocacy organizations urge retention of the revenues-based assessment methodology.

Although subscribers who make absolutely no long distance calls would pay higher USF charges under a numbers-based assessment methodology, the difference is much smaller than some suggest. Such subscribers still would be charged a USF contribution of $0.61 per month on the interstate residential subscriber line charge of about $6.00 per month ($6.00 x 10.2%, the current revenue-based interstate USF assessment) if they do not qualify as Lifeline subscribers. No one has credibly asserted that such subscribers are low income people or that they could not afford 30¢ to 40¢ per month more to provide a sustainable source of funding for the USF. Again, Lifeline subscribers would completely avoid this charge.

Proponents of the current revenue-based USF assessment methodology also overlook the fact that the residential Subscriber Line Charge will almost certainly increase when the FCC reforms, as it must, inter-carrier compensation. If switched access charges then drop, as they will, and competition in the long distance market compels flow through the reduced access charges in the form of lower long distance charges, the only way to raise enough revenue for the USF under the current revenue-based assessment model would be to collect more money from assessments on Subscriber Line Charges, probably through a percentage surcharge set at perhaps almost unimaginable levels.

Moreover, funding for the USF grows more vulnerable with each passing month. Service providers are intent on marketing bundles of service and equipment. These bundles may, or may not, include equipment and non-telecommunications services, such a video programming and internet access service. No rational basis exists on which revenues from bundles of services and equipment can be allocated reasonably among service pools, only some of